Monthly News Letter
Investment & Economic Matters

JM BUSHA Investment Group

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Economic Indicators

	USD	Euro	Move
Rand	14.79	16.72	4.56%
Pula	10.89	12.33	2.94%
Kenya	102.03	115.43	1.22%
Kwacha	11.85	13.33	-1.37%
Naira	363.49	410.63	0.19%
	Sept	**Oct**	**Move**
Gold ($)	1190.88	1214.76	2.01%
Oil ($)	82.72	75.47	-8.76%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2017

	Share Code	Entry Price	Target Price
1	TKG	74	82
2	EXX	91	130
3	FSR	54	59
4	OML	35	43
5	BIL	223	290
6	SOL	407	450
7	BAW	118	118
8	BVT	180	182
9	IPL	185	192
10	INL	91	107

Prices in SA Rands

JM BUSHA Funds Returns

Fund Name	5 years
CashPlus	7.49%
BondPlus	7.37%
Real Return	5.26%
Absolute AllClass	6.16%
Absolute Aggressive	6.17%
Diversified Equity	4.20%
Communities Fund	8.94%
Global Investor	
Afro Fund	5.26%*

**** Same as Real Return***

Research Team

Quants Research
Justice Ndou

Investment Research
Farai Mapfinya
Patrick Serere
Cleopatra Mtembu
Simba Chimanzi

Contact Details
Tel: +0027 11 325-2027/8
Fax: +0027 11 325-2047
invest@jmbusha.com
www.jmbusha.com

South African Economy

The full year growth prospects for the country remains weak, however economic analysts at FocusEconomics expect the economy to firm up out from recession by end of this year before bouncing back somewhat in the following year. President Ramaphosa last attempt at economic reforms are likely to help boost the economic sentiments, this is ahead of the next year's elections and should help fuel household spending and fixed investment. With all that said the growing political uncertainty will hang over the economy as will the anticipation of credit-rating downgrades. There are also concerns over fiscal slippage and the pace of structural reforms are constraining medium-term growth prospects. FocusEconomics analysts expect growth of 1.8% in 2019, unchanged from last month's forecast, and 2.2% in 2020.

Investment Markets – Major indices end on the negative

The market ended negative with major indices including the JSE All Share ending in the red at -5.96%. Financials decreasing with the FINI 15 ending the month at -4.53%. Industrials decreased with the INDI25 closing the month at -8.56% and resources decreased as well for the month of September with the RESI Index at -4.24%. On company Pick n Pay's turnover for the 26 weeks to August 26 came to R41.2bn, a 6.4% growth, After-tax profit grew 20% to R489m, and diluted headline earnings per share (HEPS) by 17% to 98.38c.Pick n Pay raised its interim dividend by 17% to 39.1c from 33.4c. Clicks Group reported FY18 result sales grew by 9.1%, with retail up 10.8% and wholesale up 8.4%. During the first half of its 2019 financial year, Dis-chem grew by seven stores, which added R155m to revenue, helping its overall interim revenue grow 9.4% to R10.5bn.

Regional Economic Updates – Zimbabwe

Zimbabwe's annual inflation rose sharply to a record 20.8% in October after it gained 15.46 percentage points from the September rate of 5.39%. Rising money supply propelled by budget deficit financing, coupled with foreign currency shortages has seen a surge in inflationary pressures. The latest inflation is now out of the SADC safe range of between 3-7% and is past the optimum level of 4.62% which the central bank indicates is necessary for economic growth. Treasury is targeting to reduce the budget deficit from an estimated 11% to 4% of GDP in 2019 and subsequently to 2.4% in 2020 and 2.2% of GDP by 2021.In terms of fiscal objectives and targets for 2019, Government has put a debt ceiling relative to GDP not to exceed 70% at the end of any fiscal year. On a positive note Zimbabwe will start drilling for oil and gas in mid-2020. The Cabora Bassa Project, or Special Grant 4571, covers 250,000 acres over the most prospective part of the Cahora Bassa Basin and contains the Mzarabani prospect identified previously by Mobile.

Social and Political Updates- Mid-term budget

Tax revenue has been revised down by R27.4 billion in 2018/19, R24.7 billion in 2019/20 and R33 billion in 2020/21 relative to the 2018 Budget. This mainly reflects higher-than-expected VAT refunds. Gross debt is projected to stabilise at 59.6% of GDP in 2023/24. Currency depreciation accounts for about 70% of the upward revision to gross loan debt in the current year. The consolidated budget deficit is estimated at 4% in 2018/19, compared with the 2018 budget projection of 3.6% of GDP. After rising to 4.2%, the deficit stabilises at 4% in the outer year. South African Airways (SAA) will get a R5 billion bailout, while SA Express will receive R1.2 billion and the South African Post Office will get R2.9 billion in new funding from the government. The government also proposes to zero-rate white bread flour, cake flour and sanitary pads from 1 April 2019.

Parting Words of Wisdom

"To be a successful business owner and investor, you have to be emotionally neutral to winning and losing Winning and losing are just part of the game."- Robert Kiyosaki